



Republican Policy Committee

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The Rest of the Clinton Fiscal Story

Not "The Era of Big Government is Over," But the Era of the Biggest Government Ever

Popular radio commentator Paul Harvey has a show he calls the "Rest of the Story" in which he tells the unknown stories of well-known people. Nowhere is this needed more than in the case of the *real* Clinton fiscal record. In contrast to the story of fiscal responsibility he is attempting to sell, there remains the untold story of a president who has given us more government, more spending, and more taxes. And there's no better way to tell "the rest of the story" than to use the President's own budget to tell it.

Not just in overall dollars, but as a share of the nation's annual income, this is the story the President's not telling America:

- ▶ Washington has never spent more on the federal bureaucracy than under Clinton.
- ▶ Washington has spent less on the nation's defense than at any time since WWII under Clinton.
- ▶ America's total tax burden has never been higher than under Clinton.
- ▶ America's federal tax burden has never been greater than under Clinton.
- ▶ America will pay half a trillion dollars under Clinton's tax increases.

"We know big government does not have all the answers. We know there's not a program for every problem. We know, and we have worked to give the American people a smaller, less bureaucratic government in Washington, and we have to give the American people one that lives within its means. The era of big government is over." (Bill Clinton, State of the Union Address, January 23, 1996; emphasis added.)

"We know big government does not have all the answers."

- ▶ True, but it's never had more resources. Its bureaucracy alone spends almost one out of every five dollars the country is able to generate.
- ▶ As a percentage of the nation's income, gross domestic product (GDP), non-defense spending — that part of the government Americans commonly term the "federal bureaucracy" — is higher under the Clinton years than at any time in history.
- ▶ And it is the highest in history even using Clinton's own overly optimistic economic assumptions that the nonpartisan Congressional Budget Office (CBO) has rejected throughout the last two years.
- ▶ *"We know, and we have worked to give the American people a smaller, less bureaucratic government in Washington . . ."* Hardly. In short, as bloated as the federal bureaucracy is, — the highest in history — it is probably even worse in reality.
- ▶ *"We know there's not a program for every problem."* Maybe that's because Clinton has only been in office for three years.

***"We have worked to give the American people a smaller . . ."* — National Defense**

- ▶ While the federal bureaucracy's never been bigger, since World War II the nation's Defense has never been smaller.
- ▶ National defense has never been smaller as a percentage of GDP since World War II. Not under Truman, not under Kennedy, not under Johnson, and not even under Carter.
- ▶ Clinton has cut national defense almost in half compared to its GDP-ratio of the last two decades.
- ▶ By the turn of the century it will be less than half the level as when President Bush took office — falling to just 2.8 percent of GDP in 2001 — its lowest level since 1940.
- ▶ This relative cut has come at the same time that Clinton has upped its responsibilities from national defense of the U.S. to the international defense of the U.N.

- ▶ In addition, national defense has been used to cover increases in the federal bureaucracy. Clinton has ballyhooed a 31,000-person reduction in government employees. What he doesn't tell you is that the military will take a 33,000-person reduction in order to cover a 2,000 person increase in federal bureaucrats.

"We have to give the American people one [government] that lives within its means." PART I

- ▶ Actually under Clinton, the government has been endeavoring to live within your means.
- ▶ America's total tax burden has never been greater than it is today.
- ▶ As a percentage of GDP, the total tax burden accounts for almost one out of every three dollars that the American economy produces.
- ▶ Is Clinton responsible for the total tax burden when part of it is the share of state and local taxes? Yes. A huge part of state and local governments' spending is required by federal regulations and mandated programs like Medicaid and welfare that Clinton refuses to reform.
- ▶ As a percentage of GDP, however, states are holding the line against the Clinton tax and spend surge. Despite the federal burdens imposed on them from Washington, state and local taxes have actually fallen since Clinton took office (from 11.2 percent of GDP to just 11.0 percent in 1995).

"We have to give the American people one [government] that lives within its means." PART II

- ▶ America's federal tax burden under Clinton is the highest in history.
- ▶ One in five dollars that America makes is taken by the federal bureaucracy.
- ▶ And this still isn't enough. Washington continues to spend more than it takes from its citizens and the federal deficit is still measured in the hundreds of billions of dollars.

"We have to give the American people one [government] that lives within its means." PART III

- ▶ Given that the total tax burden as well as the federal tax burden are the highest in history, just how much of that is Clinton responsible for? The largest part — the largest tax hike in history.

- ▶ Specifically, half a trillion dollars' worth. That's the cost of his \$251 billion tax hike since entered office, plus the additional taxes he has included in his latest budget.
- ▶ Coincidentally, his latest tax hike, like his first tax hike, will go on indefinitely. However, his "peek-a-boo" tax cut (which nets out to just \$37 billion over seven years) expires on December 31, 2000. Happy New Year indeed.

"The era of big government is over"?

More like "the era of big government is forever" under Clinton. Despite his rhetoric, his reality is just the opposite. Government has grown — even at a time when the nation's defense has shrunk — spending has increased and taxes have risen — though not enough to pay for it — to their highest levels in American history under President Clinton. That's the reality . . . according to his own budget.

In the words of Paul Harvey: And now you "know the rest of the story."

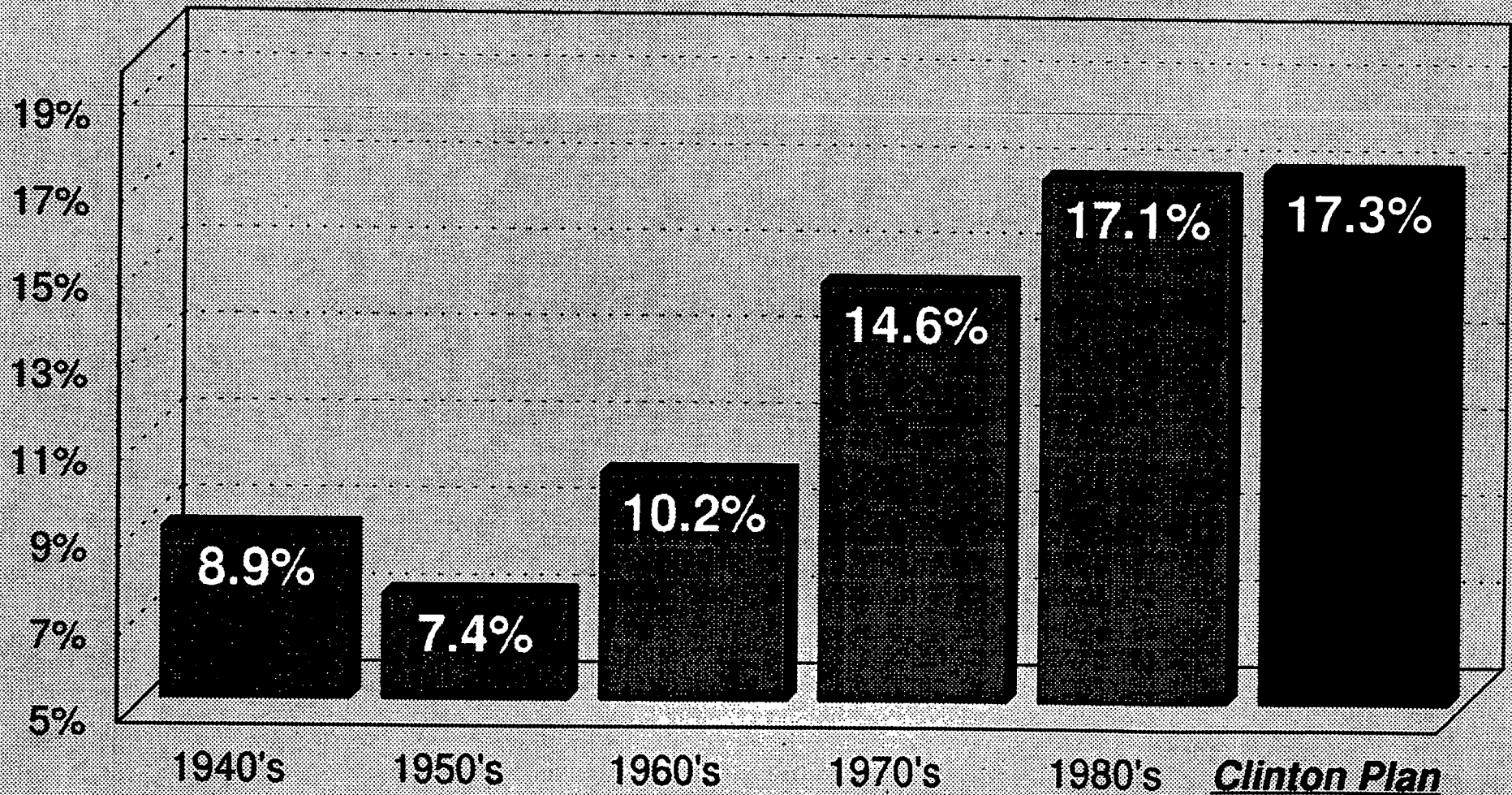
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Charts and background material provided by the office of Senator Phil Gramm.

Social Spending Never Higher...

Big Government Over or Biggest Government *EVER*

Non-Defense Spending as Share of GDP

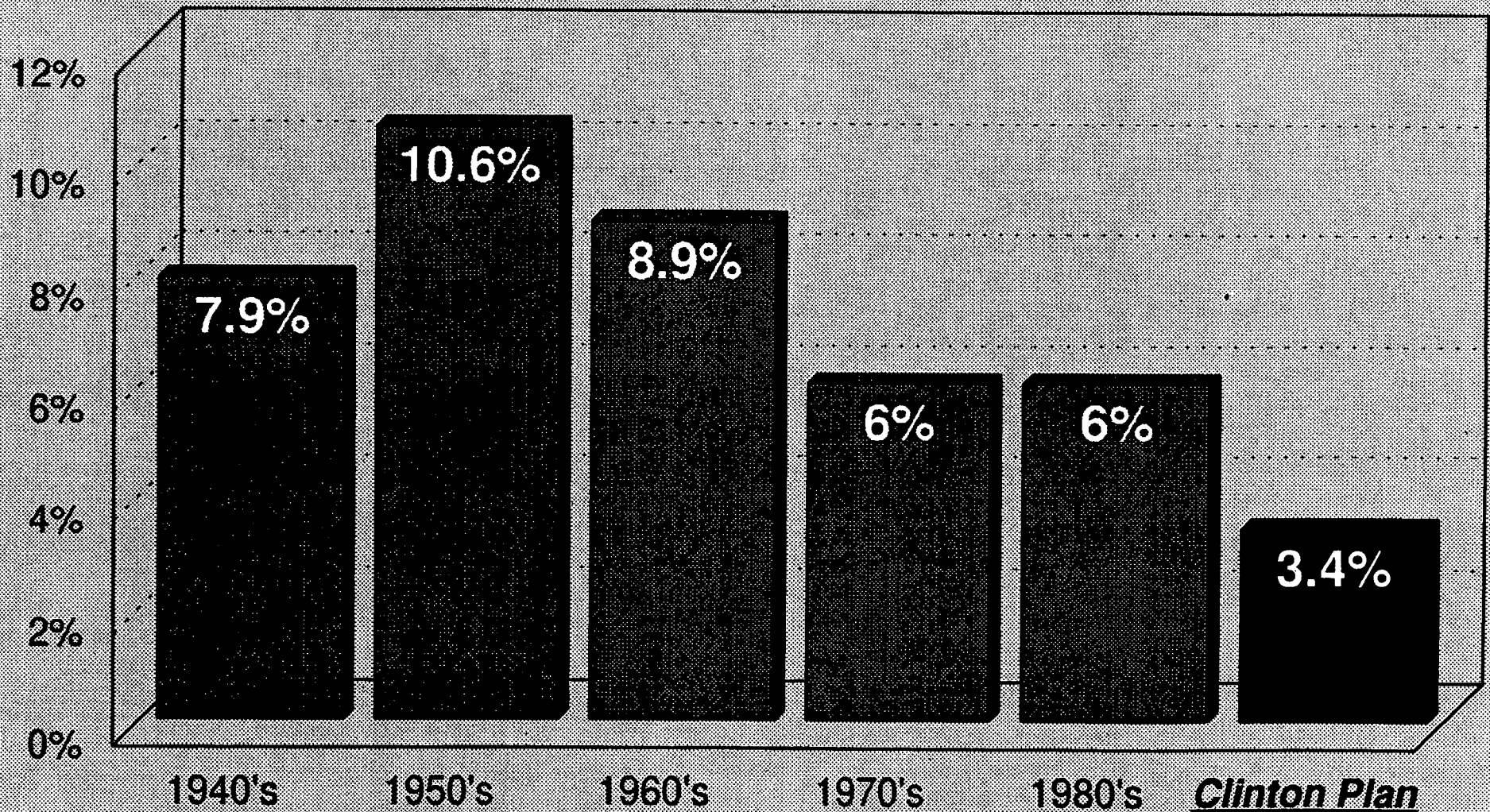


1940 represents post-war period, Clinton Plan includes 1993-2002

Defense Never Lower...

Big Government Over or Biggest Government *EVER*

Defense Spending as Share of GDP



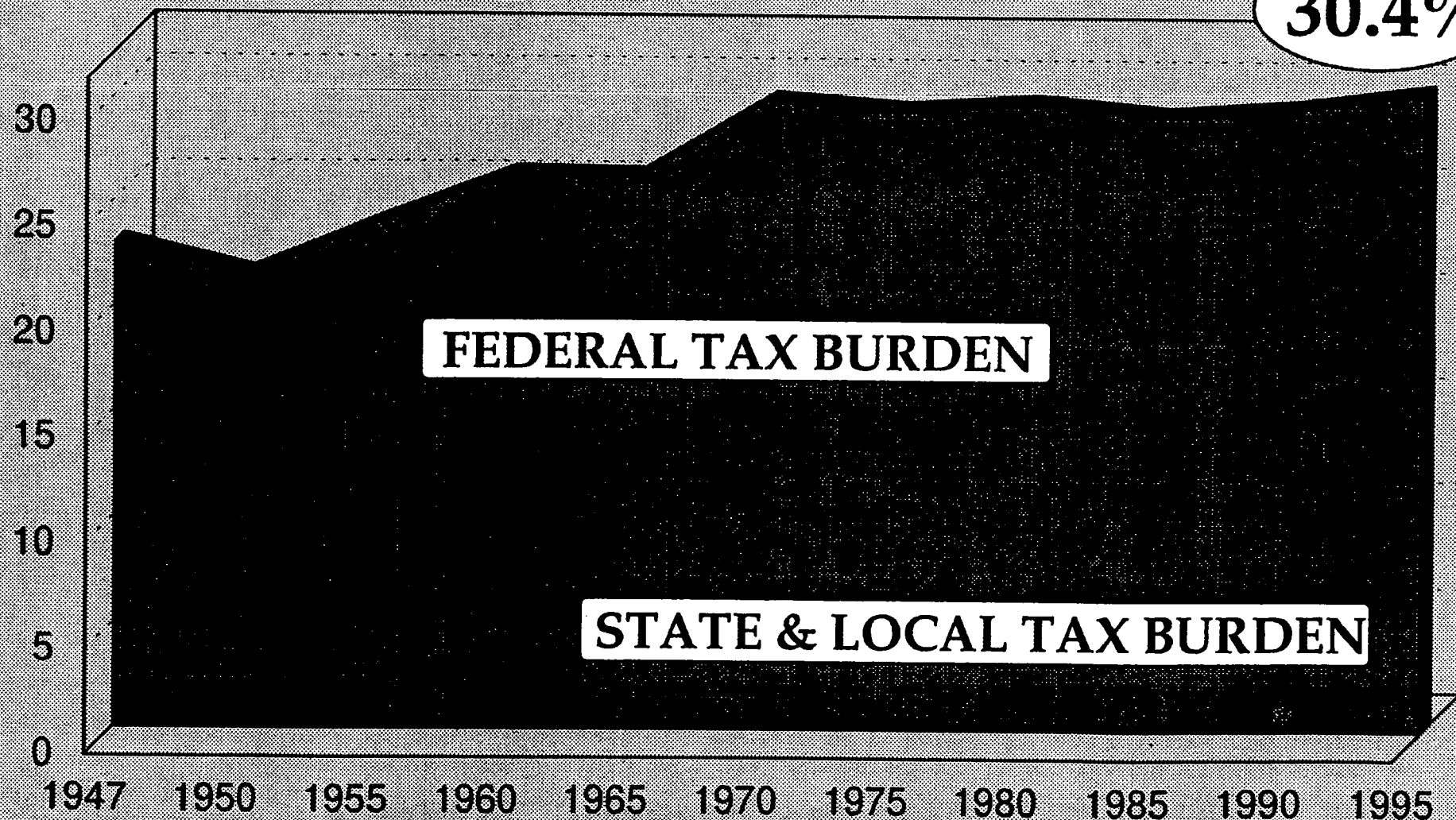
1940 represents post-war period, Clinton Plan includes 1993-2002

Total Tax Burden Never Greater

Big Government Over or Biggest Government *EVER*

Total Taxes as Share of GDP

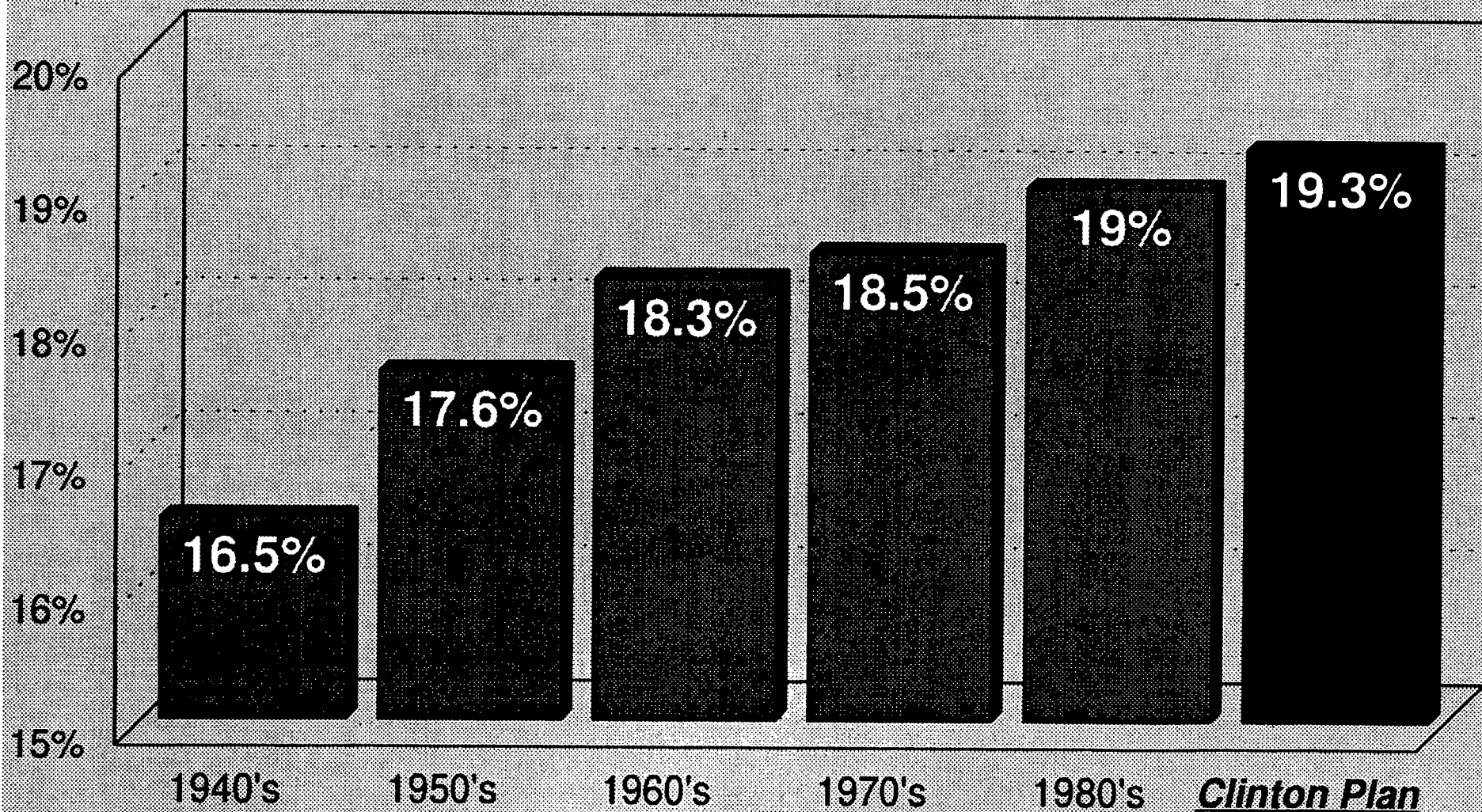
30.4%



Tax Burden Never Higher...

Big Government Over or Biggest Government *EVER*

Federal Tax Burden as Share of GDP



1940 represents post-war period, Clinton Plan includes 1993-2002

Largest Tax Hike EVER Followed by Disappearing Tax Cut....

